

AMENDED IN ASSEMBLY MAY 29, 2003

AMENDED IN ASSEMBLY APRIL 30, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 425

Introduced by Assembly Member Richman

February 14, 2003

An act to amend Section 743.1 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 425, as amended, Richman. Electric service: rates: interruptible programs.

(1) The Public Utilities Act authorizes the Public Utilities Commission to establish rates for public utilities regulated by the commission, including electrical corporations. The act requires electrical corporations to continue the availability to qualified heavy industrial customers, until March 31, 2002, of optional interruptible or curtailable service wherein the heavy industrial customer is charged a rate that reflects a pricing incentive for electing to operate under the optional or curtailable service.

This bill would instead require an electrical corporation to continue the availability to qualified customers, as defined, of optional interruptible or curtailable service, and would require the effective rate for that service to reflect a cost-based pricing incentive. The bill would require the commission to set the incentive level and to authorize the continued availability of optional interruptible or curtailable service ~~at that level~~ until December 31, 2008. The bill would impose a penalty on

a customer receiving interruptible or curtailable service who does not comply with the commitment to shed load in excess of the customer's firm service level within the time period provided for in the tariff, if called upon to do so by the electrical corporation. The bill would require an electrical corporation to remove from the rate option any customer who, upon 2 consecutive requests from the electrical corporation, voluntarily elects not to comply substantially with its commitment to shed load. The bill would require an electrical corporation to eliminate by a certain date any incentive not described above that is included in an optional interruptible or curtailable service of that electrical corporation as of January 1, 2004.

Because a violation of the act is a crime, this bill, by continuing to require electrical corporations to offer optional interruptible or curtailable service and by imposing new requirements, would change the definition of a crime, thereby imposing a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 743.1 of the Public Utilities Code is
2 amended to read:
3 743.1. (a) Electrical corporations shall continue the
4 availability to qualified customers of optional interruptible or
5 curtailable service. For purposes of this section, the term
6 "qualified customers" includes all customers with demand at, or
7 in excess of, 500 kilowatts. The effective rate for interruptible or
8 curtailable service to qualified customers shall reflect a cost-based
9 pricing incentive for electing to operate under the interruptible or
10 curtailable service option. The commission shall *initially* set the
11 cost-based pricing incentive for the optional interruptible or
12 curtailable service at a level equal to the level of incentive
13 authorized in the base interruptible program rate option as of May



1 1, 2003. *The commission may subsequently adopt a different*
2 *cost-based pricing incentive level.* The commission shall authorize
3 the continued availability of optional interruptible or curtailable
4 service ~~at this cost-based pricing incentive level~~ until December
5 31, 2008.

6 (b) A customer receiving interruptible or curtailable service
7 who does not comply with the commitment to shed load in excess
8 of the customer's firm service level within the time period
9 provided for in the tariff, if called upon to do so by the electrical
10 corporation, shall pay a noncompliance penalty ~~of initially set at~~
11 nine dollars and thirty cents (\$9.30) per kilowatthour for excess
12 power taken. *The commission may subsequently adopt a different*
13 *noncompliance penalty.* In addition to the noncompliance penalty,
14 the electrical corporation shall remove from the rate option any
15 customer who, upon two consecutive requests from the electrical
16 corporation, voluntarily elects not to comply substantially with its
17 commitment to shed load.

18 (c) The commission shall require an electrical corporation to
19 eliminate any incentive not authorized pursuant to subdivision (a)
20 that is included in an optional interruptible or curtailable service
21 rate of that electrical corporation as of January 1, 2004, before the
22 earlier of the following dates:

23 (1) January 1, 2005.

24 (2) The date of the next final commission decision in the
25 allocation of revenue requirement and rate design phase of the
26 electrical corporation's general rate case proceeding.

27 SEC. 2. No reimbursement is required by this act pursuant to
28 Section 6 of Article XIII B of the California Constitution because
29 the only costs that may be incurred by a local agency or school
30 district will be incurred because this act creates a new crime or
31 infraction, eliminates a crime or infraction, or changes the penalty
32 for a crime or infraction, within the meaning of Section 17556 of
33 the Government Code, or changes the definition of a crime within
34 the meaning of Section 6 of Article XIII B of the California
35 Constitution.